

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.**

**CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY-31 MARCH 2015 WITH THE  
INDEPENDENT AUDITOR'S REVIEW  
REPORT**

**(Convenience translation of independent  
auditors' review report and the consolidated  
financial statements originally issued in  
Turkish)**

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
Teknosa İç ve Dış Ticaret A.Ş.

### *Introduction*

We have reviewed the accompanying condensed consolidated balance sheet of Teknosa İç ve Dış Ticaret A.Ş. and its subsidiary (together will be referred as the "Group") as of 31 March 2015 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended. Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Ömer Tanrıöver, SMMM  
Partner

İstanbul, 4 May 2015

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## TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

## REVIEWED CONDENSED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

|   | Notes | Current period                 | Prior period                     |
|---|-------|--------------------------------|----------------------------------|
|   |       | (Reviewed)<br>31 March<br>2015 | (Audited)<br>31 December<br>2014 |
| <b>ASSET</b>                                  |       |                                |                                  |
| <b>Current Assets</b>                         |       | <b>496,201</b>                 | <b>761,775</b>                   |
| Cash and cash equivalents                     | 5     | 7,918                          | 192,998                          |
| Trade receivables                             | 7     | 28,455                         | 26,833                           |
| <i>Trade receivables from related parties</i> | 4     | 2,228                          | 3,999                            |
| <i>Trade receivables from third parties</i>   |       | 26,227                         | 22,834                           |
| Inventories                                   | 8     | 442,649                        | 530,417                          |
| Prepaid expenses                              | 9     | 14,582                         | 9,872                            |
| Other current assets                          | 14    | 2,597                          | 1,655                            |
| <b>Non-current Assets</b>                     |       | <b>189,800</b>                 | <b>187,204</b>                   |
| Other receivables                             |       | 737                            | 710                              |
| Investment property                           |       | 10,699                         | 10,746                           |
| Property, plant and equipment                 | 10    | 116,317                        | 118,261                          |
| Intangible assets                             |       | 28,105                         | 27,165                           |
| Prepaid expenses                              | 9     | 591                            | 308                              |
| Deferred tax assets                           |       | 18,523                         | 16,072                           |
| Other non-current assets                      | 14    | 14,828                         | 13,942                           |
| <b>TOTAL ASSETS</b>                           |       | <b>686,001</b>                 | <b>948,979</b>                   |

The accompanying notes form an integral part of these condensed consolidated financial statements.

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

REVIEWED CONDENSED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

|  | Notes | Current period<br>(Reviewed)<br>31 March<br>2015 | Prior period<br>(Audited)<br>31 December<br>2014 |
|--|-------|--|--|
| <b>LIABILITIES</b>   |       |  |  |
| <b>Current Liabilities</b>   |       | <b>520,742</b>                                   | <b>757,229</b>                                   |
| Financial liabilities  | 6     | 24,372   | -  |
| Trade payables   | 7     | 436,405  | 691,684  |
| <i>Trade payables to related parties</i>                           | 4     | 1,890  | 7,321  |
| <i>Trade payables to third parties</i>                             |       | 434,515  | 684,363  |
| Liabilities related to employee benefits                           | 11    | 14,087   | 8,006  |
| Other payables   |       | 889  | 802  |
| Deferred income  | 9     | 22,866   | 21,489   |
| Current period tax liability                                       |       | 8  | 1,435  |
| Short term provisions  |       | 6,998  | 9,102  |
| <i>Provisions related to employee benefits</i>                     | 11    | 5,349  | 8,011  |
| <i>Other short term provisions</i>                                 | 12    | 1,649  | 1,091  |
| Other current liabilities  | 14    | 15,117   | 24,711   |
| <b>Non-current Liabilities</b>                                     |       | <b>3,370</b>                                     | <b>3,370</b>                                     |
| Provisions for employment termination benefits                     | 11    | 3,370  | 3,370  |
| <b>EQUITY</b>  |       |  |  |
|  |       | <b>161,889</b>                                   | <b>188,380</b>                                   |
| Share capital  |       | 110,000  | 110,000  |
| Adjustment to share capital  |       | 6,628  | 6,628  |
| Restricted reserves  |       | 8,704  | 7,161  |
| Other reserves   |       | 3  | 3  |
| Items that will not be reclassified subsequently to profit or loss |       | (605)  | (471)  |
| <i>Losses on remeasurement of defined benefit plans</i>            |       | (605)  | (471)  |
| Retained earnings  |       | 47,456   | 85,034   |
| Net loss for the period  |       | (10,297)   | (19,975)   |
| <b>TOTAL LIABILITIES</b>   |       | <b>686,001</b>                                   | <b>948,979</b>                                   |

The accompanying notes form an integral part of these condensed consolidated financial statements.

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD  
1 JANUARY – 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

|   | Notes | Current period<br>(Reviewed)<br>1 January –<br>31 March<br>2015 | Prior period<br>(Reviewed)<br>1 January –<br>31 March<br>2014 |
|---|-------|---|---|
| Revenue   | 15    | 665,649   | 682,688   |
| Cost of sales (-)   | 15    | (542,791)   | (551,295)   |
| <b>GROSS PROFIT</b>   |       | <b>122,858</b>  | <b>131,393</b>  |
| Marketing expenses (-)  | 16    | (109,067)   | (116,266)   |
| General administrative expenses (-)                                   | 16    | (13,044)  | (10,581)  |
| Other operating income  | 17    | 3,512   | 4,532   |
| Other operating expenses (-)  | 17    | (11,733)  | (12,458)  |
| <b>OPERATING LOSS</b>   |       | <b>(7,474)</b>  | <b>(3,380)</b>  |
| Income from investing activities                                      | 18    | 124   | 3,306   |
| <b>OPERATING LOSS BEFORE<br/>FINANCIAL EXPENSE</b>                    |       | <b>(7,350)</b>  | <b>(74)</b>   |
| Finance expenses (-)  | 19    | (5,365)   | (4,573)   |
| <b>LOSSPROFIT BEFORE TAX</b>  |       | <b>(12,715)</b>   | <b>(4,647)</b>  |
| Tax income  |       | 2,418   | 865   |
| - Current tax expense   |       | -   | (1,420)   |
| - Deferred tax income   |       | 2,418   | 2,285   |
| <b>NET LOSS FOR THE PERIOD</b>  |       | <b>(10,297)</b>   | <b>(3,782)</b>  |
| <b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>                            |       |   |   |
| Items that will not be reclassified<br>subsequently to profit or loss |       | (134)   | 77  |
| <i>(Loss) / gain on remeasurement of<br/>defined benefit plans</i>    |       | (167)   | 97  |
| <i>Deferred tax income / (expense)</i>                                |       | 33  | (20)  |
| <b>TOTAL COMPREHENSIVE LOSS</b>                                       |       | <b>(10,431)</b>   | <b>(3,705)</b>  |
| Loss per share (1000 shares)  |       | (0.009)   | (0.003)   |

The accompanying notes form an integral part of these condensed consolidated financial statements.

TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

|                               | Share capital | Adjustment to share capitals | Restricted reserves | Other reserves | Items that will not be reclassified subsequently to profit or loss | Accumulated profit / (loss) | Net profit / (loss) | Total equity |
|-------------------------------|---------------|------------------------------|---------------------|----------------|--|-----------------------------|---------------------|--------------|
|                               |               |                              |                     |                |  |                             |                     |              |
| <b>Prior period</b>           |               |                              |                     |                |  |                             |                     |              |
| Balance at 1 January 2014     | 110,000       | 6,628                        | 758                 | 3              | (300)  | 78,940                      | 56,715              | 252,744      |
| Transfer to retained earnings | -             | -                            | -                   | -              | -  | 56,715                      | (56,715)            | -            |
| Dividends (*)                 | -             | -                            | -                   | -              | -  | (44,218)                    | -                   | (44,218)     |
| Total comprehensive income    | -             | -                            | -                   | -              | 77   | -                           | (3,782)             | (3,705)      |
| Balance at 31 March 2014      | 110,000       | 6,628                        | 758                 | 3              | (223)  | 91,437                      | (3,782)             | 204,821      |
| <b>Current Period</b>         |               |                              |                     |                |  |                             |                     |              |
| Balance at 1 January 2015     | 110,000       | 6,628                        | 7,161               | 3              | (471)  | 85,034                      | (19,975)            | 188,380      |
| Transfer to retained earnings | -             | -                            | 1,543               | -              | -  | (21,518)                    | 19,975              | -            |
| Dividends (*)                 | -             | -                            | -                   | -              | -  | (16,060)                    | -                   | (16,060)     |
| Total comprehensive loss      | -             | -                            | -                   | -              | (134)  | -                           | (10,297)            | (10,431)     |
| Balance at 31 March 2015      | 110,000       | 6,628                        | 8,704               | 3              | (605)  | 47,456                      | (10,297)            | 161,889      |

(\*) Dividend paid by the Group per share with a TRY 1 nominal value is TRY 0.15 (2014: TRY 0.40).

The accompanying notes form an integral part of these condensed consolidated financial statements.

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.**

**REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

|  | Notes | Current period<br>(Reviewed)<br>1 January –<br>31 March 2015 | Prior period<br>(Reviewed)<br>1 January –<br>31 March 2014 |
|--|-------|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                       |       |  |  |
| Loss before tax  |       | (10,297)   | (3,782)  |
| Adjustments:   |       |  |  |
| Interest expense, credit cards' commissions and other financing expenses         | 19    | 5,365  | 4,573  |
| Depreciation and amortization expenses   | 16    | 10,401   | 8,395  |
| Retirement pay provision   |       | 590  | 1,357  |
| Unused vacation provision  | 11    | 269  | 386  |
| Loss arising tangible assets' disposal of closed down stores                     | 10    | 1,459  | 338  |
| Release of impairment of tangible assets related to the stores to be closed, net | 10    | (2,431)  | (194)  |
| Provision for impairment on inventories  | 8     | 89   | 1,156  |
| Interest income  | 18    | (124)  | (3,306)  |
| Tax expense  |       | (2,418)  | (865)  |
|  |       | <b>2,903</b>   | <b>8,058</b>   |
| <b>Operating cash flows before changes in working capital</b>                    |       |  |  |
| (Increase) / decrease in trade receivables and other receivables                 |       | (3,393)  | 11,806   |
| Decrease / (increase) in trade receivables from related parties                  |       | 1,771  | (529)  |
| Decrease / (increase) in inventories   |       | 87,679   | (9,628)  |
| (Increase) / decrease in other current assets and prepaid expenses               |       | (5,935)  | 5,251  |
| (Increase) / decrease in other non current assets                                |       | (913)  | 176  |
| Decrease in trade payables   |       | (249,848)  | (196,239)  |
| Decrease in trade payables to related parties                                    |       | (5,431)  | (238)  |
| Decrease in other current liabilities  |       | (4,422)  | (9,124)  |
| (Decrease) / increase in other non current liabilities                           |       | (35)   | 346  |
| Retirement pay provision paid  |       | (722)  | (1,525)  |
| Current tax paid   |       | (1,427)  | (4,665)  |
| <b>Cash used in operations</b>   |       | <b>(179,773)</b>   | <b>(196,311)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |       |  |  |
| Purchase of tangible assets  | 10    | (7,471)  | (8,189)  |
| Purchase of intangible assets  |       | (907)  | (1,605)  |
| Interest received  | 18    | 124  | 3,306  |
| <b>Cash used in investment activities</b>  |       | <b>(8,254)</b>   | <b>(6,488)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |       |  |  |
| Interest, credit card commissions and other finance costs paid                   | 19    | (5,365)  | (4,573)  |
| Proceeds from bank borrowings  | 6     | 24,372   | -  |
| Dividend payments  |       | (16,060)   | -  |
| <b>Net cash provided by / (used in) financing activities</b>                     |       | <b>2,947</b>   | <b>(4,573)</b>   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                   |       | <b>(185,080)</b>   | <b>(207,372)</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                  |       | <b>192,998</b>   | <b>320,182</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                        |       | <b>7,918</b>   | <b>112,810</b>   |

The accompanying notes form an integral part of these condensed consolidated financial statements.



## TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

### NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

#### NOTE 1 – ORGANIZATIONS AND OPERATIONS OF THE COMPANY

Teknosa İç ve Dış Ticaret A.Ş., (“Teknosa” or “The Company”) was established at 9 March 2000, and is engaged in retail sales of technology products through its stores and website “www.teknosa.com” and air conditioners and white goods through its dealers. The Company’s parent is Hacı Ömer Sabancı Holding A.Ş. and it is ultimately controlled by Sabancı Family members. The number of personnel of the Company is 3,447 as of 31 March 2015 (31 December 2014: 3,511). The Company has been registered in Turkey and operates under the laws and regulations of Turkish Commercial Codes.

The Company operates in Turkey in 287 stores with 166,749 square meters retail space as of 31 March 2015 (31 December 2014: 170,593 square meters, 291 stores). For the opened and closed stores after the balance sheet date, please refer to Note 22. The registered Office address of the company is as follows.

Batman Sokak Teknosa Plaza No: 18  
Sahrayıcedit - İstanbul

#### *Subsidiary*

Kliksa İç ve Dış Ticaret A.Ş., which is owned by the Company 100%, was included in the scope of consolidation at 31 December 2011 due to plans of extensions of its operations. The main activity of the subsidiary is to sell electronic equipment through the web site “www.kliksa.com”.

Teknosa and its subsidiary will be referred to the “Group”.

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of presentation of consolidated financial statements

##### Statement of Compliance with TAS

The Group maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

The attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 “Principals Relating to the Financial Reporting Standards in Capital Markets” (“Decree”) issued by Capital Markets Board (“CMB”) on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards (“TAS”) and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

The Group prepared its consolidated financial statements for the three month period ended as at 31 March 2015 in accordance with TAS 34 “Interim Financial Statements”.

Some of the disclosures and notes that are required to be included in TFRS financial statements under Decree are summarized in accordance with TAS 34 or not included in the financial statements.

## TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

### NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

#### NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.1 Basis of presentation of consolidated financial statements (Continued)

###### Statement of Compliance with TAS (continued)

The Group's condensed consolidated financial statements do not contain all necessary explanations and disclosures presented in the year-end financial statements, therefore, should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

###### Presentation and Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional and presentation currency of the Group.

###### Preparation of Financial Statements in Hyperinflationary Periods

The CMB decision No: 11/367 issued at 17 March 2005 requires all companies operating in Turkey and preparing their financial statements in accordance with the Turkish Accounting Standards to cease the inflation accounting application as of 1 January 2005. Based on this requirement, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" is ceased as of 1 January 2005.

###### Comparative Information and Restatement of the Prior Periods' Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the consolidated financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. In the current period, the Group made some reclassifications for the conformity with the format issued by CMB on 7 June 2013. The details of the reclassifications are as follows:

- In 2014, the Group presented discount expenses amounting to TRY 1,116 under net sales income in the consolidated statement of profit or loss and other comprehensive income. In the current year, the Group management reclassified these amounts to marketing expenses.
- In 2014, the Group presented marketing income amounting to TRY 371 under other operating expenses in the consolidated statement of profit or loss and other comprehensive income. In the current year, the Group management reclassified these amounts to marketing expenses.
- In 2014, the Group presented income accruals from suppliers amounting to TRY 720 under trade receivables in the consolidated balance sheet. In the current year, the Group management reclassified these amounts to trade payables.

The related reclassifications have no effect on the statement of profit or loss.

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.2 Changes in Accounting Policies**

Changes in accounting policies are applied retrospectively and prior year financial statements are restated. The Group did not have any changes in its accounting policies in the current year.

**2.3 Changes in the Accounting Estimates and Errors**

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. The Group has no significant changes to the accounting estimates in the current year.

**2.4 Adoption of New and Revised Standards and Interpretations**

**a) Amendments to TFRSs affecting amounts reported in the financial statements**

None.

**b) New and Revised TFRSs effective from 2015 with no material effect on the consolidated financial statements**

|  |  |
|--|--|
| Amendments to TAS 19                   | <i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>                                      |
| Annual Improvements to 2010-2012 Cycle | <i>TFRS 2, TFRS 3, TFRS 8, TFRS 13, TAS 16 and TAS 38, TAS 24, TFRS 9, TAS 37, TAS 39</i> <sup>1</sup> |
| Annual Improvements to 2011-2013 Cycle | <i>TFRS 3, TFRS 13, TAS 40</i> <sup>1</sup>  |

<sup>1</sup> Effective for annual periods beginning after 30 June 2014.

**Amendments to TAS 19 *Defined Benefit Plans: Employee Contributions***

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

**Annual Improvements to 2010-2012 Cycle**

**TFRS 2:** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

**TFRS 3:** Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

**TFRS 8:** Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

2.4 Adoption of New and Revised Standards and Interpretations (Continued)

b) New and Revised TFRSs effective from 2015 with no material effect on the consolidated financial statements (continued)

**TFRS 13:** Clarifies that issuing TFRS 13 and amending TFRS 9 and TAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

**TAS 16 and TAS 38:** Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

**TAS 24:** Clarifies how payments to entities providing management services are to be disclosed.

Annual improvements to 2010-2012 cycle caused to amendments at the related parts of the standards TFRS 9, TAS 37 and TAS 39 respectively.

**Annual Improvements to 2011-2013 Cycle**

**TFRS 3:** Clarify that TFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

**TFRS 13:** Clarify the scope of the portfolio exception in paragraph 52.

**TAS 40:** Clarifying the interrelationship of TFRS 3 and TAS 40 when classifying property as investment property or owner-occupied property.

c) New and revised TFRSs in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

|  |  |
|--|--|
| TFRS 9                                 | <i>Financial Instruments</i>   |
| Amendments to TFRS 9 and TFRS 7        | <i>Mandatory Effective Date of TFRS 9 and Transition Disclosures</i>                     |
| Amendments to TAS 16 and TAS 38        | <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>2</sup> |
| Annual Improvements to 2011-2013 Cycle | <i>TFRS 1</i> <sup>2</sup>   |
| Amendments to TAS 1                    | <i>Disclosure Initiative</i> <sup>2</sup>  |
| Annual Improvements to 2012-2014 Cycle | <i>TFRS 5, TFRS 7, TAS 34</i> <sup>2</sup> , <i>TAS 19</i> <sup>2</sup>                  |

<sup>1</sup> Effective for annual periods beginning on or after 31 December 2015.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016.

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.4 Adoption of New and Revised Standards and Interpretations (Continued)**

**c) New and revised TFRSs in issue but not yet effective (continued)**

**TFRS 9 Financial Instruments**

TFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. TFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

**Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures**

The mandatory effective date of TFRS 9 is postponed to a date not earlier than 1 January 2018.

**Amendments to TAS 16 and TAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation***

This amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

**Annual Improvements to 2011-2013 Cycle**

**TFRS 1:** Clarifies which versions of TFRSs can be used on initial adoption (amends basis for conclusions only).

**Amendments to TAS 1 *Disclosure Initiative***

This amendment addresses perceived impediments to preparers exercising their judgment in presenting their financial reports.

**Annual Improvements 2012-2014 Cycle**

**TFRS 5:** Adds specific guidance in TFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.4 Adoption of New and Revised Standards and Interpretations (Continued)**

**c) New and revised TFRSs in issue but not yet effective (continued)**

**Annual Improvements 2012-2014 Cycle (continued)**

**TFRS 7:** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

**TAS 34:** Clarifies the meaning of ‘elsewhere in the interim report’ and require a cross-reference.

Annual improvements to 2012-2014 cycle caused to amendments at the related parts of the standards TAS 19.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

**2.5 Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

Critical judgments in applying the Group’s accounting policies

In the process of applying the entity’s accounting policies, the Group Management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements.

*Useful life of tangible and intangible assets*

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. Intangible assets are amortized by straight-line depreciation method over the estimate of their useful lives. Useful lives rely on the best estimates of the management, review every balance sheet date and if needed adjustments are proposed.

*Impairment of tangible and intangible assets*

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment loss. Group evaluates its operational performance on the basis of each store and decides to end stores operations upon stores’ discounted cash flow projections. Stores’ cash flow projections prepared according Group’s five year long term plans considering remaining economic useful life of the stores. In this context, Group presumes impairments of leasehold improvements on the stores in which Group is the lessee, considering of the stores continuity. The Group booked TRY 2,431 of net impairment reversal as of 31 March 2015 (31 December 2014: TRY 5,112).

**NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.5 Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

Critical judgments in applying the Group's accounting policies

*Decrease in value of stocks (NRV)*

In accordance with the accounting policy, inventories are stated at the net realizable value. The Group accounts for the products whose sales price is below its cost by the lower of cost or net realizable value. NRV report is prepared by comparing the recorded cost value at the end of the month and sales prices obtained from price lists.

Products with low sales performance is provided for on the cost values based on the previous years' sales performances. Inactivity for white goods is calculated over 180 days and above, whereas 90 days and above for other goods.

*Income Accruals*

As of 31 March 2015, the Group has various ongoing lawsuits opened against accrued taxes and penalties by the controllers of the Undersecretariat of Customs as a result of the examination of a certain portion of the air conditioner imports from previous years under two separate investigations.

The Group Management has accounted TRY 5.157 of income accrual regarding such tax penalties in the consolidated financial statements at 31 December 2014 based on the opinions of the legal counsels and customs experts and based on the fact that there are previous lawsuits finalized in favor of the company (Note 14).

*Deferred Tax Assets*

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between statutory financial statements and financial statements prepared in accordance with the Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"). The subsidiary of the Group has deferred tax assets arising from carried forward tax losses and other temporary differences deductible from its potential future profits. That amount of deferred tax assets which is partly or fully recoverable has been estimated under the current circumstances. During the assessment, due consideration has been given to the future taxable profit projection, potential deadlines for utilization of current period losses, unutilized losses and other tax assets, as well as tax planning strategies which might be adopted where applicable.

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 3 – SEGMENT REPORTING**

The Group began applying TFRS 8 starting from 1 January 2009 and determined the reportable segments based on the management reports which are regularly reviewed by the Chief Operating Decision Maker (“CODM”).

CODM, in order to take the decisions relating to the allocation of resources to the operating segments and to evaluate the performance of these segments, reviews the results by product category and geographical allocation. The Group’s product categories are as follows: Technology products sales and air conditions, cash registers and white goods. These sales are also reviewed by dealers and stores. In addition, assets and liabilities are not included in the segment reporting since they are not regularly presented to chief operating decision maker and not monitored on a segment basis.

The total equity of Kliksa, the subsidiary of the Group, amounts to TRY 6,221 as of 31 March 2015 (31 December 2014: TRY 13,526), net sales for the three-month period ended as of 31 March 2015 amounts to TRY 47,384 (31 March 2014: TRY 43,615) and net loss amounts to TRY 7,305 (31 March 2014: TRY 5,010 net loss).

The details of the segment reporting are as follows:

|  | <b>1 January - 31 March 2015</b> |                     |                |
|--|----------------------------------|---------------------|----------------|
|  | <b>Stores</b>                    | <b>Dealer Group</b> | <b>Total</b>   |
| Total segment income   | 648,637                          | 17,012              | 665,649        |
| <b>Income from third party customers</b>   | <b>648,637</b>                   | <b>17,012</b>       | <b>665,649</b> |
| <b>Profit before interest, severance pay, depreciation and amortization (EBITDA)</b> | <b>10,128</b>                    | <b>1,610</b>        | <b>11,738</b>  |
|  | <b>1 January - 31 March 2014</b> |                     |                |
|  | <b>Stores</b>                    | <b>Dealer Group</b> | <b>Total</b>   |
| Total segment income   | 664,257                          | 18,431              | 682,688        |
| <b>Income from third party customers</b>   | <b>664,257</b>                   | <b>18,431</b>       | <b>682,688</b> |
| <b>Profit before interest, severance pay, depreciation and amortization (EBITDA)</b> | <b>13,830</b>                    | <b>468</b>          | <b>14,298</b>  |



## TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

### NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

#### NOTE 3 – SEGMENT REPORTING (Continued)

Reconciliation of EBITDA to “Profit before tax” is as follows:

|  | 1 January-<br>31 March 2015 | 1 January-<br>31 March 2014 |
|--|-----------------------------|-----------------------------|
| <b>EBITDA for reportable segment information</b> | <b>11,738</b>               | <b>14,298</b>               |
| Depreciation                                     | (10,401)                    | (8,395)                     |
| Financial expenses                               | (5,365)                     | (4,573)                     |
| Investment income                                | 124                         | 3,306                       |
| Other expenses - net                             | (8,221)                     | (7,926)                     |
| Provision for employee termination benefits      | (590)                       | (1,357)                     |
| <b>Loss before tax</b>                           | <b>(12,715)</b>             | <b>(4,647)</b>              |

#### NOTE 4 – RELATED PARTY DISCLOSURES

The related parties are companies directly or indirectly controlled by Hacı Ömer Sabancı Holding A.Ş., parent company of Teknosa or companies over which Hacı Ömer Sabancı Holding A.Ş. has significant influence.

Kliksa A.Ş. which is the subsidiary of the Company and consolidated on a line-by-line basis supplies a large portion of its trade goods from the Company. Besides, Kliksa receives services from the Company’s support departments such as finance, law, information technologies, and human resources.

|  | 31 March 2015  |                |
|--|----------------|----------------|
|  | Receivables    | Payables       |
|  | Current        | Current        |
| <b>Balances with related parties</b>               | <b>Trading</b> | <b>Trading</b> |
| Carrefoursa Carrefour Sabancı Ticaret Merkezi A.Ş. | 1,841          | (2)            |
| Akbank T.A.Ş.                                      | 287            | -              |
| Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.   | 47             | (395)          |
| Akçansa Çimento San. ve Tic. A.Ş.                  | 38             | -              |
| Aksigorta A.Ş.                                     | 9              | (744)          |
| Avivasa Emeklilik ve Hayat A.Ş.                    | 5              | (8)            |
| Philip Morris Sabancı Pazarlama Satış A.Ş.         | 1              | -              |
| Enerjisa Enerji A.Ş. ve İştirakleri                | -              | (565)          |
| Temsa Global Sanayi ve Ticaret A.Ş.                | -              | (1)            |
| Hacı Ömer Sabancı Holding A.Ş.                     | -              | (175)          |
|  | <b>2,228</b>   | <b>(1,890)</b> |

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

| <u>Balances with related parties</u>             | 31 December 2014 |                |
|--|------------------|----------------|
|  | Receivables      | Payables       |
|  | Current          | Current        |
|  | Trading          | Trading        |
| Akbank T.A.Ş.                                    | 2,105            | -              |
| Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.  | 1,485            | (101)          |
| Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş. | -                | (6,041)        |
| Enerjisa Enerji A.Ş. ve iştirakleri              | -                | (1,112)        |
| Avivasa Emeklilik ve Hayat A.Ş.                  | 262              | (19)           |
| Brisa Bridgestone Sabancı Las. San. ve Tic. A.Ş. | 92               | -              |
| Akçansa Çimento San. ve Tic. A.Ş.                | 29               | -              |
| Aksigorta A.Ş.                                   | 15               | (41)           |
| Philip Morris Sabancı Pazarlama Satış A.Ş.       | 11               | -              |
| Hacı Ömer Sabancı Holding A.Ş.                   | -                | (7)            |
|  | <u>3,999</u>     | <u>(7,321)</u> |

| <u>Deposit accounts in Akbank T.A.Ş.</u> | 31 March   | 31 December    |
|--|------------|----------------|
|  | 2015       | 2014           |
| Demand deposit                           | 672        | 1,392          |
| Time deposit                             | -          | 144,250        |
|  | <u>672</u> | <u>145,642</u> |

| <u>Transactions with related parties</u>         | 1 January - 31 March 2015 |                |                |
|--|---------------------------|----------------|----------------|
|  | Sales                     | Rent expense   | Other expenses |
| Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.  | 2,509                     | (1,454)        | (13)           |
| Avivasa Emeklilik ve Hayat A.Ş.                  | 292                       | -              | 35             |
| Akbank T.A.Ş.                                    | 198                       | -              | -              |
| Aksigorta A.Ş.                                   | 68                        | -              | (632)          |
| Akçansa Çimento San. ve Tic. A.Ş.                | 106                       | -              | -              |
| Enerjisa Enerji A.Ş. ve iştirakleri              | 6                         | -              | (1,534)        |
| Philip Morris Sabancı Pazarlama Satış A.Ş.       | 1                         | -              | -              |
| H.Ö. Sabancı Holding A.Ş.                        | -                         | (5)            | -              |
| Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş. | -                         | -              | (737)          |
|  | <u>3,180</u>              | <u>(1,459)</u> | <u>(2,881)</u> |

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 4 – RELATED PARTY DISCLOSURES (Continued)**

| Transactions with related parties                              | 1 January - 31 March 2014 |                |                |
|--|---------------------------|----------------|----------------|
|  | Sales                     | Rent expense   | Other expenses |
| Carrefoursa Carrefour Sabancı Tic. Merkezi A.Ş.                | 468                       | (1,116)        | -              |
| Akbank T.A.Ş.  | 362                       | -              | 6              |
| Avivasa Emeklilik ve Hayat A.Ş.                                | 101                       | -              | 16             |
| Akçansa Çimento San. ve Tic. A.Ş.                              | 13                        | -              | -              |
| Philip Morris Sabancı Pazarlama Satış A.Ş.                     | 14                        | -              | -              |
| Kordsa Global Endüstriyel İplik ve Kord Bezi San. ve Tic. A.Ş. | 4                         | -              | -              |
| H.Ö. Sabancı Holding A.Ş.                                      | -                         | (4)            | -              |
| Aksigorta A.Ş.   | -                         | -              | (877)          |
| Tursa Sabancı Turizm ve Yatırım İşletmeleri A.Ş.               | -                         | -              | (1,368)        |
| Enerjisa Enerji A.Ş. ve İştirakleri                            | -                         | -              | (1,139)        |
| Bimsa Uluslararası İş Bilgi ve Yönetim Sis. A.Ş.               | -                         | -              | (255)          |
|  | <u>962</u>                | <u>(1,120)</u> | <u>(3,617)</u> |

The Company's key management has been identified as the general managers and directors. Remuneration to key management personnel consists of wages, premiums, pensions, health insurance and life insurance payments. Remunerations of key management personnel for the interim periods ended 31 March 2015 and 2014 are as follows:

|                             | 1 January –<br>31 March<br>2015 | 1 January –<br>31 March<br>2014 |
|-----------------------------|---------------------------------|---------------------------------|
| Salaries and other benefits | <u>1,662</u>                    | <u>1,249</u>                    |
|                             | <u>1,662</u>                    | <u>1,249</u>                    |

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 5 – CASH AND CASH EQUIVALENTS**

The details of cash and cash equivalents as of 31 March 2015 and 31 December 2014 are as follows:

|                              | 31 March<br>2015 | 31 December<br>2014 |
|------------------------------|------------------|---------------------|
| Cash                         | 995              | 1,295               |
| Demand deposit               | 1,240            | 1,718               |
| Time deposit                 | -                | 175,532             |
| Credit card slip receivables | 5,683            | 14,453              |
|                              | <u>7,918</u>     | <u>192,998</u>      |

The Group has no time deposit as of 31 March 2015. As of 31 December 2014, Group's time deposits include TRY 174,373 Turkish Liras and USD time deposits of TRY 1,159 with the average interest rates of 10.53% and 1.95% respectively.

**NOTE 6 – FINANCIAL LIABILITIES**

|                              | 31 March<br>2015 | 31 Aralık<br>2014 |
|------------------------------|------------------|-------------------|
| <u>Short-term bank loans</u> |                  |                   |
| Bank loans (*)               | 24,372           | -                 |
|                              | <u>24,372</u>    | <u>-</u>          |

(\*) The details of short-term bank loan as of 31 March 2015 are as follows:

| Currency Type | Weighted Average<br>Effective<br>Interest Rate | 31 March 2015 |
|---------------|--|---------------|
| TL            | 10,27%   | 24,372        |
|               |  | <u>24,372</u> |

## TEKNOSA İÇ VE DIŞ TİCARET A.Ş.

### NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

#### NOTE 7 – TRADE RECEIVABLES AND PAYABLES

The details of trade receivables as of 31 March 2015 and 31 December 2014 are as follows:

| <i>Current trade receivables</i>       | 31 March<br>2015 | 31 December<br>2014 |
|--|------------------|---------------------|
| Trade receivables                      | 23,509           | 19,197              |
| Due from related parties (Note 4)      | 2,228            | 3,999               |
| Notes receivables                      | 5,924            | 5,852               |
| Allowance for doubtful receivables (-) | (3,206)          | (2,215)             |
|  | <u>28,455</u>    | <u>26,833</u>       |

As of 31 March 2015, TRY 5,683 of trade receivables consists of receivables from credit card slips (31 December 2014: TRY 14,453).

As of 31 March 2015 and 31 December 2014, the Group holds the below collaterals for its checks and notes receivables and trade receivables (except receivables from credit card slips):

|                                | 31 March<br>2015 | 31 December<br>2014 |
|--------------------------------|------------------|---------------------|
| Letters of guarantees received | 7,186            | 4,376               |
| Mortgages                      | 3,242            | 2,706               |
|                                | <u>10,428</u>    | <u>7,082</u>        |

Fair value of the collaterals which the Group is permitted to sell or repledge in the absence of default by the owner of the collateral is TRY 10,920. (31 December 2014: TRY 10,695). As of the balance sheet date, there is not any collateral or mortgage which are sold or repledged.

| <i>Current trade payables</i>              | 31 March<br>2015 | 31 December<br>2014 |
|--|------------------|---------------------|
| Trade payables                             | 423,398          | 682,095             |
| Trade payables to related parties (Note 4) | 1,890            | 7,321               |
| Expense accruals                           | 11,117           | 2,268               |
|  | <u>436,405</u>   | <u>691,684</u>      |

As of 31 March 2015, the Group netted off income accruals related to suppliers amounting to TRY 48,401 with trade payables (31 December 2014: TRY 21,901).

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 8 – INVENTORIES**

The details of the inventories as of 31 March 2015 and 31 December 2014 are presented below:

| <i>Inventories</i>                         | 31 March<br>2015 | 31 December<br>2014 |
|--|------------------|---------------------|
| Trade goods                                | 446,350          | 531,461             |
| Goods in transit                           | 876              | 3,444               |
| Provision of impairment on inventories (-) | (4,577)          | (4,488)             |
|  | <u>442,649</u>   | <u>530,417</u>      |

**NOTE 9 – PREPAID EXPENSES AND DEFERRED REVENUE**

The details of prepaid expenses as of 31 March 2015 and 31 December 2014 are presented below:

| <i>Short-term prepaid expenses</i>          | 31 March<br>2015 | 31 December<br>2014 |
|---|------------------|---------------------|
| Order advances given for inventory purchase | 3,444            | 372                 |
| Short term prepaid expenses                 | 11,138           | 9,500               |
|   | <u>14,582</u>    | <u>9,872</u>        |

  

| <i>Long-term prepaid expenses</i> | 31 March<br>2015 | 31 Aralık<br>2014 |
|-----------------------------------|------------------|-------------------|
| Long term prepaid expenses        | 591              | 308               |
|                                   | <u>591</u>       | <u>308</u>        |

The details of the deferred revenue as of 31 March 2015 and 31 December 2014 are presented below:

| <i>Short-term deferred revenue</i> | 31 March<br>2015 | 31 December<br>2014 |
|------------------------------------|------------------|---------------------|
| Order advances received            | 22,036           | 20,961              |
| Other                              | 830              | 528                 |
|                                    | <u>22,866</u>    | <u>21,489</u>       |

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.**

**NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 10 – PROPERTY, PLANT AND EQUIPMENT**

The movement of tangible assets and related accumulated depreciation as of 31 March 2015 is as below:

| Cost value  | Land  | Building | Machinery and equipments | Vehicles | Furniture and fixtures | Leasehold improvements | Construction in progress | Total     |
|---|-------|----------|--------------------------|----------|------------------------|------------------------|--------------------------|-----------|
| Opening balance at 1 January 2015                 | 3,444 | 6,321    | 443                      | 98       | 82,521                 | 120,897                | 10,022                   | 223,746   |
| Additions   | -     | 2        | -                        | -        | 916                    | 1,216                  | 5,337                    | 7,471     |
| Disposals   | -     | -        | -                        | -        | (803)                  | (3,215)                | -                        | (4,018)   |
| Transfer from construction in progress (*)        | -     | -        | -                        | -        | 1,104                  | 329                    | (4,576)                  | (3,143)   |
| Closing balance at 31 March 2015                  | 3,444 | 6,323    | 443                      | 98       | 83,738                 | 119,227                | 10,783                   | 224,056   |
| Accumulated depreciation and impairment losses    |       |          |                          |          |                        |                        |                          |           |
| Opening balance at 1 January 2015                 | -     | (697)    | (308)                    | (61)     | (48,734)               | (55,685)               | -                        | (105,485) |
| Current charge                                    | -     | (29)     | (10)                     | (3)      | (3,075)                | (4,127)                | -                        | (7,244)   |
| Disposals   | -     | -        | -                        | -        | 884                    | 1,675                  | -                        | 2,559     |
| (Provision for) / reversal of impairment net (**) | -     | -        | -                        | -        | (96)                   | 2,527                  | -                        | 2,431     |
| Closing balance at 31 March 2015                  | -     | (726)    | (318)                    | (64)     | (51,021)               | (55,610)               | -                        | (107,739) |
| Net book value at 31 March 2015                   | 3,444 | 5,597    | 125                      | 34       | 32,717                 | 63,617                 | 10,783                   | 116,317   |

(\*) The investment amounting TRY 3,143 has been made for intangible assets as of 31 March 2015.

(\*\*) Impairment calculated for tangible fixed assets is TRY 863 as of 31 March 2015. Reversal of impairment amount is TRY 3,294 as of 31 March 2015.

Depreciation and amortization expenses amounting to TRY 6,793 (2014: TRY 6,640) are included in marketing expenses and TRY 3,608 (2014: TRY 1,755) are included in general administrative expenses.

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.**

**NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

The movement of tangible assets and related accumulated depreciation as of 31 March 2014 is as below:

| <u>Cost value</u>                                 | Land  | Building | Machinery and equipments | Vehicles | Furniture and fixtures | Leasehold improvements | Construction in progress | Total    |
|---|-------|----------|--------------------------|----------|------------------------|------------------------|--------------------------|----------|
| Opening balance at 1 January 2014                 | 3,444 | 6,310    | 449                      | 86       | 76,732                 | 109,516                | 3,349                    | 199,886  |
| Additions   | -     | -        | -                        | -        | 1,439                  | 2,424                  | 4,326                    | 8,189    |
| Disposals   | -     | -        | -                        | -        | (1,102)                | (343)                  | -                        | (1,445)  |
| Transfer from construction in progress (*)        | -     | -        | -                        | -        | 775                    | 2,508                  | (3,671)                  | (388)    |
| Closing balance at 31 March 2014                  | 3,444 | 6,310    | 449                      | 86       | 77,844                 | 114,105                | 4,004                    | 206,242  |
| Accumulated depreciation and impairment losses    |       |          |                          |          |                        |                        |                          |          |
| Opening balance at 1 January 2014                 | -     | (584)    | (271)                    | (72)     | (41,176)               | (44,192)               | -                        | (86,295) |
| Current charge                                    | -     | (76)     | (14)                     | (2)      | (2,755)                | (3,869)                | -                        | (6,716)  |
| Disposals   | -     | -        | -                        | -        | 897                    | 210                    | -                        | 1,107    |
| (Provision for) / reversal of impairment net (**) | -     | -        | -                        | -        | 112                    | 82                     | -                        | 194      |
| Closing balance at 31 March 2014                  | -     | (660)    | (285)                    | (74)     | (42,922)               | (47,769)               | -                        | (91,710) |
| Net book value at 31 March 2015                   | 3,444 | 5,650    | 164                      | 12       | 34,922                 | 66,336                 | 4,004                    | 114,532  |

(\*) The investment amounting TRY 388 has been made for intangible assets as of 31 March 2014.

(\*\*) Impairment calculated for tangible fixed assets is TRY 68 as of 31 March 2014. Reversal of impairment amount is TRY 262 as of 31 March 2014.



**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 11 – PAYABLES RELATED TO EMPLOYEE BENEFITS**

The details of payables related to employee benefits as of 31 March 2015 and 31 December 2014 are presented below:

|                                  | 31 March<br>2015 | 31 December<br>2014 |
|----------------------------------|------------------|---------------------|
| Accrued salaries                 | 6,676            | 154                 |
| Social security premiums payable | 7,411            | 7,852               |
|                                  | <u>14,087</u>    | <u>8,006</u>        |

The details of the provisions related to employee benefits as of 31 March 2015 and 31 December 2014 are presented below:

|  | 31 March<br>2015 | 31 December<br>2014 |
|--|------------------|---------------------|
| <i>Short-term provisions</i>               |                  |                     |
| Sales personnel premium provision          | 1,551            | 2,754               |
| Unused vacation provision                  | 2,494            | 2,225               |
| Restructuring expense provision            | 228              | 2,000               |
| Administrative personnel premium provision | 1,076            | 1,032               |
|  | <u>5,349</u>     | <u>8,011</u>        |

|  | 31 March<br>2015 | 31 December<br>2014 |
|--|------------------|---------------------|
| <i>Long-term provisions</i>                |                  |                     |
| Retirement pay provision                   | 2,097            | 2,062               |
| Administrative personnel premium provision | 1,273            | 1,308               |
|  | <u>3,370</u>     | <u>3,370</u>        |

**NOTE 12 – PROVISIONS**

The details of the other current provisions as of 31 March 2015 and 31 December 2014 are presented below:

|                           | 31 March<br>2015 | 31 December<br>2014 |
|---------------------------|------------------|---------------------|
| Litigation provisions (*) | 1,041            | 541                 |
| Other                     | 608              | 550                 |
|                           | <u>1,649</u>     | <u>1,091</u>        |

(\*) Litigation provisions are composed of consumer and employment lawsuits filed against the Group.

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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 13 – COMMITMENTS**

*Operating lease agreements*

The Group leases various retail spaces as sales area, offices and warehouses by entering into operating lease agreements. These periods of the rent agreements vary between 1-10 years. The lease agreements require the payment of a certain monthly rent or a portion of the revenue of the leasehold store. The lease agreements are basically drawn up in TRY, Euro and USD and the rentals are increased by using the inflation rate or a rate close to the inflation rate during the period of the agreement. According to the present code of obligations, as long as the lessee does not terminate the agreement lease agreements can only be cancelled by the lessor due to irregularities.

The minimum lease payments projected according to the agreements of the operating leases are as follows:

|                   | 31 March<br>2015 | 31 December<br>2014 |
|-------------------|------------------|---------------------|
| Less than 1 year  | 58,837           | 71,286              |
| Between 1-5 years | 587,177          | 586,540             |
| More than 5 years | 124,748          | 140,305             |
|                   | <u>770,762</u>   | <u>798,131</u>      |

*Custom duty and penalty*

Some of the previous years' air conditioner imports of the company are being investigated by Customs Consultancy Inspector within two different investigations as of 31 March 2015. As a result of these investigations, the Custom Consultancy Inspectors identifications caused 135 lawsuits amounting to TRY 9,045 as a result of tax operations penalties. 117 of these 135 lawsuits amounting TRY 8,974 is still continuing.

TRY 4,108 resulted in the Company's favor and appealed for correction (TRY 118 resulted in the Company's favor and TRY 4,037 resulted in the Company's favor but have been appealed by the administrative board. The process is still continuing.) However, the second wave of investigations amounting TRY 4,937 resulted partially in Company's favor, the part amounting to TRY 1,925 resulted in Company's favor whereas the part of amounting to TRY 3,012 was lost. Lost causes have been appealed by the administrative board. The process is still continuing. Including the approved lawsuit and the ones that have ended in opposition to the Group, a total payment of TRY 5,615 (VAT amount of TRY 459 regarded as tax deduction) has been made in 2013.

The Group Management has accounted for TRY 5,157 of income accrual regarding such tax penalties in the consolidated financial statements at 31 March 2015 based on the opinions of the legal counsels and customs experts and based on the fact that there are previous lawsuits finalized in favor of the company (Note 14).

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NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 13 – COMMITMENTS (Continued)

*Guarantee, pledge, mortgage position*

Guarantees, pledges and mortgages (“GPM”) given by the Group as of 31 March 2015 and 31 December 2014 are as follows:

CPMs given by the Group

|   | 31 March 2015        |                     |                     |                      |
|---|----------------------|---------------------|---------------------|----------------------|
|   | TRY equivalent       | USD                 | Euro                | TRY                  |
| A. GPM given on behalf of its own legal entity                                      |                      |                     |                     |                      |
| -Guarantee  | 36,438               | 2,908               | 5,128               | 14,331               |
| -Pledge   | -                    | -                   | -                   | -                    |
| -Mortgage   | -                    | -                   | -                   | -                    |
|   | <u>36,438</u>        | <u>2,908</u>        | <u>5,128</u>        | <u>14,331</u>        |
| B. GPM given on behalf of subsidiaries that are included in full consolidation      |                      |                     |                     |                      |
| -Guarantee  | -                    | -                   | -                   | -                    |
| -Pledge   | -                    | -                   | -                   | -                    |
| -Mortgage   | -                    | -                   | -                   | -                    |
|   | <u>-</u>             | <u>-</u>            | <u>-</u>            | <u>-</u>             |
| C. GPM given in order to guarantee third parties' debt for routine trade operations | -                    | -                   | -                   | -                    |
| D. Total amount of other GPM given  | -                    | -                   | -                   | -                    |
| <b>Total</b>  | <u><b>36,438</b></u> | <u><b>2,908</b></u> | <u><b>5,128</b></u> | <u><b>14,331</b></u> |

|   | 31 December 2014     |                     |                     |                      |
|---|----------------------|---------------------|---------------------|----------------------|
|   | TRY equivalent       | USD                 | Euro                | TRY                  |
| A. GPM given on behalf of its own legal entity                                      |                      |                     |                     |                      |
| -Guarantee  | 36,167               | 2,995               | 5,117               | 14,788               |
| -Pledge   | -                    | -                   | -                   | -                    |
| -Mortgage   | -                    | -                   | -                   | -                    |
|   | <u>36,167</u>        | <u>2,995</u>        | <u>5,117</u>        | <u>14,788</u>        |
| B. GPM given on behalf of subsidiaries that are included in full consolidation      |                      |                     |                     |                      |
| -Guarantee  | -                    | -                   | -                   | -                    |
| -Pledge   | -                    | -                   | -                   | -                    |
| -Mortgage   | -                    | -                   | -                   | -                    |
|   | <u>-</u>             | <u>-</u>            | <u>-</u>            | <u>-</u>             |
| C. GPM given in order to guarantee third parties' debt for routine trade operations | -                    | -                   | -                   | -                    |
| D. Total amount of other GPM given  | -                    | -                   | -                   | -                    |
| <b>Total</b>  | <u><b>36,167</b></u> | <u><b>2,995</b></u> | <u><b>5,117</b></u> | <u><b>14,788</b></u> |

The proportion of the GPM given on behalf of third parties except for the GPM given in the name of the Company's own legal personality to total equity as of 31 March 2015 is 0% (31 December 2014 0%).

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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 14 – OTHER ASSETS AND LIABILITIES

The details of the other current and non-current assets as of 31 March 2015 and 31 December 2014 are presented below:

|                                 | 31 March<br>2015 | 31 December<br>2014 |
|---------------------------------|------------------|---------------------|
| <i>Other current assets</i>     |                  |                     |
| Advances given                  | 2,154            | 1,522               |
| Other current assets            | 443              | 133                 |
|                                 | <u>2,597</u>     | <u>1,655</u>        |
|                                 |                  |                     |
|                                 | 31 March<br>2015 | 31 December<br>2014 |
| <i>Other non-current assets</i> |                  |                     |
| Deferred VAT                    | 9,671            | 8,785               |
| Income accrual (Note 13)        | 5,157            | 5,157               |
|                                 | <u>14,828</u>    | <u>13,942</u>       |

The details of the other current liabilities as of 31 March 2015 and 31 December 2014 are presented below:

|                                   | 31 March<br>2015 | 31 December<br>2014 |
|-----------------------------------|------------------|---------------------|
| <i>Other current liabilities</i>  |                  |                     |
| VAT payable                       | 13,706           | 23,054              |
| Other expense accruals (*)        | 668              | 890                 |
| Other liabilities and obligations | 743              | 767                 |
|                                   | <u>15,117</u>    | <u>24,711</u>       |

(\*) Other expense accruals consist mainly of liabilities to banks related to collection of credit card sales before due dates.

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 15 – REVENUE**

The details of sales and cost of sales for the three-month periods ended 31 March 2015 and 2014 are stated below:

|  | 1 January –<br>31 March<br>2015 | 1 January –<br>31 March<br>2014 |
|--|---------------------------------|---------------------------------|
| <i>Sales income (net)</i>                                |                                 |                                 |
| Consumer electronics retail sales                        | 648,637                         | 664,257                         |
| Sales of air conditioner, cash registers and white goods | 17,012                          | 18,431                          |
|  | <u>665,649</u>                  | <u>682,688</u>                  |
| <i>Cost of sales</i>                                     |                                 |                                 |
| Cost of goods sold                                       | (541,978)                       | (550,272)                       |
| Installation and warranty expenses                       | (813)                           | (1,023)                         |
|  | <u>(542,791)</u>                | <u>(551,295)</u>                |

**NOTE 16 – GENERAL ADMINISTRATIVE, MARKETING AND SELLING EXPENSES**

The details of marketing expenses for the three-month periods ended 31 March 2015 and 2014 are stated below:

|  | 1 Ocak –<br>31 March<br>2015 | 1 Ocak –<br>31 March<br>2014 |
|--|------------------------------|------------------------------|
| <i>Marketing expenses</i>              |                              |                              |
| Rent expenses                          | (38,112)                     | (40,356)                     |
| Personnel expenses                     | (33,656)                     | (36,827)                     |
| Advertising and promotion expenses     | (13,148)                     | (12,654)                     |
| Depreciation and amortization expenses | (6,793)                      | (6,640)                      |
| Transportation expenses                | (6,099)                      | (6,252)                      |
| Energy, fuel and water expenses        | (3,621)                      | (3,859)                      |
| Consulting expenses                    | (2,558)                      | (3,391)                      |
| Maintenance expenses                   | (1,712)                      | (1,699)                      |
| Communication expenses                 | (288)                        | (380)                        |
| Travel expenses                        | (293)                        | (337)                        |
| Other expenses                         | (2,787)                      | (3,871)                      |
|  | <u>(109,067)</u>             | <u>(116,266)</u>             |

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.****NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 16 – GENERAL ADMINISTRATIVE, MARKETING AND SELLING EXPENSES  
(Continued)**

The details of administrative expenses for the three-month periods ended 31 March 2015 and 2014 are stated below:

|  | 1 Ocak –<br>31 March<br>2015 | 1 Ocak –<br>31 March<br>2014 |
|--|------------------------------|------------------------------|
| <i>Administrative expenses</i>         |                              |                              |
| Personnel expenses                     | (4,658)                      | (4,879)                      |
| Depreciation and amortization expenses | (3,608)                      | (1,755)                      |
| IT expenses                            | (2,052)                      | (1,250)                      |
| Rent expenses                          | (1,426)                      | (1,162)                      |
| Consulting expenses                    | (298)                        | (466)                        |
| Travel expenses                        | (103)                        | (168)                        |
| Energy, fuel and water expenses        | (138)                        | (138)                        |
| Maintenance expenses                   | (104)                        | (35)                         |
| Other expenses                         | (657)                        | (728)                        |
|  | <u>(13,044)</u>              | <u>(10,581)</u>              |

**NOTE 17 – OTHER OPERATING INCOME AND EXPENSES**

The details of other operating income for the three-month periods ended 31 March 2015 and 2014 are stated below:

|   | 1 Ocak –<br>31 March<br>2015 | 1 Ocak –<br>31 March<br>2014 |
|---|------------------------------|------------------------------|
| <i>Other income from operating activities</i> |                              |                              |
| Foreign exchange gains                        | 1,361                        | 2,228                        |
| Gains from sale of tangible assets            | 885                          | -                            |
| Discount income                               | 628                          | 1,236                        |
| Loyalty program expenses                      | 324                          | 47                           |
| Deductions from personnel                     | 169                          | 173                          |
| Gains from unused gift cheques                | 61                           | 129                          |
| Other income                                  | 84                           | 719                          |
|   | <u>3,512</u>                 | <u>4,532</u>                 |

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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 17 – OTHER OPERATING INCOME AND EXPENSES (Continued)**

The details of other operating expenses for the three-month periods ended 31 March 2015 and 2014 are stated below:

|   | 1 Ocak –<br>31 March<br>2015 | 1 Ocak –<br>31 March<br>2014 |
|---|------------------------------|------------------------------|
| <i>Other expenses from operating activities (-)</i> |                              |                              |
| Discount expenses                                   | (6,563)                      | (9,518)                      |
| Foreign exchange losses                             | (1,594)                      | (1,655)                      |
| Allowance for doubtful receivable expenses          | (992)                        | (69)                         |
| Expenses of store evacuation                        | (859)                        | -                            |
| Litigation expenses                                 | (775)                        | (40)                         |
| Commission expenses                                 | (204)                        | (281)                        |
| Donation and aids                                   | (5)                          | (7)                          |
| Taxes, duties, charges and funds                    | (4)                          | (4)                          |
| Loss from sale of tangible assets                   | -                            | (136)                        |
| Other expenses                                      | (737)                        | (748)                        |
|   | <u>(11,733)</u>              | <u>(12,458)</u>              |

**NOTE 18 – INCOME FROM INVESTING ACTIVITIES**

The details of income from investing activities for the three-month periods ended 31 March 2015 and 2014 are stated below:

|                 | 1 Ocak –<br>31 March<br>2015 | 1 Ocak –<br>31 March<br>2014 |
|-----------------|------------------------------|------------------------------|
| Interest income | 124                          | 3,306                        |
|                 | <u>124</u>                   | <u>3,306</u>                 |

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**NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 19 – FINANCE EXPENSES**

The details of finance expenses for the three-month periods ended 31 March 2015 and 2014 are stated below:

|                                       | 1 Ocak –<br>31 March<br>2015 | 1 Ocak –<br>31 March<br>2014 |
|---------------------------------------|------------------------------|------------------------------|
| Credit card commission expenses       | (2,226)                      | (3,538)                      |
| Interest and commission expenses      | (2,261)                      | (5)                          |
| Credit card promotion expenses        | (808)                        | (975)                        |
| Guarantee letters commission expenses | (38)                         | (26)                         |
| Other finance expenses                | (32)                         | (29)                         |
|                                       | <u>(5,365)</u>               | <u>(4,573)</u>               |

**NOTE 20 -NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**Foreign currency risk**

The Group is exposed to the foreign exchange risk through the conversion of foreign exchange payable is resulting from the TL denominated purchases from the domestic vendors.

The risk is monitored in regular meetings held by the Board of Directors. The idle cash is evaluated in foreign exchange risk in order to minimize the foreign exchange risk resulted from balance sheet items. The Group also preserves itself from the foreign currency risk by the limited use of forwards, one of derivative instruments, if necessary.



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NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

NOTE 20 -NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

| Foreign Currency Position  | Equivalents<br>of TRY | 31 March 2015 |       |     |       |
|--|-----------------------|---------------|-------|-----|-------|
|  |                       | USD           | Euro  | GBP | Other |
| 1. Trade receivable  | 1.602                 | 613           | -     | -   | 109   |
| 2a. Monetary financial assets  | 113                   | 16            | 25    | -   | -     |
| 2b. Non monetary financial assets  | -                     | -             | -     | -   | -     |
| 3. Other   | 3.875                 | 314           | 1.073 | 0   | 779   |
| 4. CURRENT ASSETS  | 5.590                 | 943           | 1.098 | 0   | 888   |
| 5. Trade receivables   | -                     | -             | -     | -   | -     |
| 6a. Monetary financial assets  | -                     | -             | -     | -   | -     |
| 6b. Non monetary financial assets  | -                     | -             | -     | -   | -     |
| 7. Other   | 347                   | 133           | -     | -   | -     |
| 8. NON CURRENT ASSETS  | 347                   | 133           | -     | -   | -     |
| 9. TOTAL ASSETS  | 5.937                 | 1.076         | 1.098 | 0   | 888   |
| 10. Trade payables   | 4.730                 | 1.764         | 43    | 1   | -     |
| 11. Financial liabilities  | -                     | -             | -     | -   | -     |
| 12a. Other monetary liabilities  | 1.889                 | 333           | 360   | -   | -     |
| 12b. Non monetary other liabilities  | -                     | -             | -     | -   | -     |
| 13. CURRENT LIABILITIES  | 6.619                 | 2.097         | 403   | 1   | -     |
| 14. Trade payables   | -                     | -             | -     | -   | -     |
| 15. Financial liabilities  | -                     | -             | -     | -   | -     |
| 16a. Monetary other liabilities  | -                     | -             | -     | -   | -     |
| 16b. Non monetary other liabilities  | -                     | -             | -     | -   | -     |
| 17. NON CURRENT LIABILITIES  | -                     | -             | -     | -   | -     |
| 18. TOTAL LIABILITIES  | 6.619                 | 2.097         | 403   | 1   | -     |
| 19. Net assets / liability position of off-balance<br>derivative instruments (19a-19b)                           | -                     | -             | -     | -   | -     |
| 19.a Derivative instrument amounts of off-balance<br>items with asset qualifications per foreign currency        | -                     | -             | -     | -   | -     |
| 19b. Derivative instrument amounts of off-balance<br>items with liability qualifications per foreign<br>currency | -                     | -             | -     | -   | -     |
| 20. Net foreign currency assets (liabilities) position<br>(9-18+19)  | (682)                 | (1.021)       | 695   | (1) | 888   |
| 21. Monetary items net foreign currency<br>assets/(liabilities)<br>position (1+2a+5+6a-10-11-12a-14-15-16a)      | (4.904)               | (1.468)       | (378) | (1) | 109   |
| 22. Total fair value of foreign currency hedge   | -                     | -             | -     | -   | -     |
| 23. The amount for the hedged portion foreign<br>currency assets   | -                     | -             | -     | -   | -     |
| 24. The amount for the hedged portion of foreign<br>currency liabilities   | -                     | -             | -     | -   | -     |

## NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

## NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

| Foreign Currency Position  | Equivalents<br>of TRY | 31 December 2014 |         |     |       |
|--|-----------------------|------------------|---------|-----|-------|
|  |                       | USD              | EUR     | GBP | Other |
| 1. Trade receivable  | 3.233                 | 1.183            | 173     | -   | 109   |
| 2a. Monetary financial assets  | 1.195                 | 507              | 7       | -   | -     |
| 2b. Non monetary financial assets  | -                     | -                | -       | -   | -     |
| 3. Other   | 704                   | 301              | 2       | -   | -     |
| 4. CURRENT ASSETS  | 5.132                 | 1.991            | 182     | -   | 109   |
| 5. Trade receivables   | -                     | -                | -       | -   | -     |
| 6a. Monetary financial assets  | -                     | -                | -       | -   | -     |
| 6b. Non monetary financial assets  | -                     | -                | -       | -   | -     |
| 7. Other   | -                     | -                | -       | -   | -     |
| 8. NON CURRENT ASSETS  | -                     | -                | -       | -   | -     |
| 9. TOTAL ASSETS  | 5.132                 | 1.991            | 182     | -   | 109   |
| 10. Trade payables   | 6.941                 | 1.408            | 1.302   | 1   | -     |
| 11. Financial liabilities  | -                     | -                | -       | -   | -     |
| 12a. Other monetary liabilities  | 1.822                 | 338              | 368     | -   | -     |
| 12b. Non monetary other liabilities  | -                     | -                | -       | -   | -     |
| 13. CURRENT LIABILITIES  | 8.763                 | 1.746            | 1.670   | 1   | -     |
| 14. Trade payables   | -                     | -                | -       | -   | -     |
| 15. Financial liabilities  | -                     | -                | -       | -   | -     |
| 16a. Monetary other liabilities  | -                     | -                | -       | -   | -     |
| 16b. Non monetary other liabilities  | -                     | -                | -       | -   | -     |
| 17. NON CURRENT LIABILITIES  | -                     | -                | -       | -   | -     |
| 18. TOTAL LIABILITIES  | 8.763                 | 1.746            | 1.670   | 1   | -     |
| 19. Net assets / liability position of off-balance derivative instruments (19a-19b)                        | -                     | -                | -       | -   | -     |
| 19.a Derivative instrument amounts of off-balance items with asset qualifications per foreign currency     | -                     | -                | -       | -   | -     |
| 19b. Derivative instrument amounts of off-balance items with liability qualifications per foreign currency | -                     | -                | -       | -   | -     |
| 20. Net foreign currency assets (liabilities) position (9-18+19)   | (3.631)               | 245              | (1.488) | (1) | 109   |
| 21. Monetary items net foreign currency assets/(liabilities) position (1+2a+5+6a-10-11-12a-14-15-16a)      | (4.335)               | (56)             | (1.490) | (1) | 109   |
| 22. Total fair value of foreign currency hedge   | -                     | -                | -       | -   | -     |
| 23. The amount for the hedged portion foreign currency assets  | -                     | -                | -       | -   | -     |
| 24. The amount for the hedged portion of foreign currency liabilities                                      | -                     | -                | -       | -   | -     |

## NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 20- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates of USD, EUR and other foreign currencies. These amounts have indicated the effect of the USD, EUR and other foreign currencies against TRY strengthened / weakened by 10%. During this analysis all other variables held constant.

**Foreign currency sensitivity table****31 March 2015**

|   | Profit / Loss                      |                                    |
|---|------------------------------------|------------------------------------|
|   | Appreciation of foreign currencies | Depreciation of foreign currencies |
| In case 10% appreciation of USD against TL                      |                                    |                                    |
| 1 - USD Dollars net assets/liabilities                          | (383)                              | 383                                |
| 2- Amount hedged for USD risk (-)                               | -                                  | -                                  |
| <b>3- USD net effect (1 +2)</b>                                 | <b>(383)</b>                       | <b>383</b>                         |
| In case 10% appreciation of EUR against TL                      |                                    |                                    |
| 4 - EUR net assets/liabilities                                  | (107)                              | 107                                |
| 5 - Amount hedged for EUR risk (-)                              | -                                  | -                                  |
| <b>6- EUR net effect (4+5)</b>                                  | <b>(107)</b>                       | <b>107</b>                         |
| In case 10% appreciation of other foreign currencies against TL |                                    |                                    |
| 7 - Other foreign currencies net assets/liabilities             | 1                                  | (1)                                |
| 8- Amount hedged for other foreign currencies risk (-)          | -                                  | -                                  |
| <b>9- Other foreign currencies net effect (7+8)</b>             | <b>1</b>                           | <b>(1)</b>                         |
| <b>TOTAL (3 + 6 +9)</b>   | <b>(489)</b>                       | <b>489</b>                         |

**Foreign currency sensitivity table****31 December 2014**

|   | Profit / Loss                      |                                    |
|---|------------------------------------|------------------------------------|
|   | Appreciation of foreign currencies | Depreciation of foreign currencies |
| In case 10% appreciation of USD against TL                      |                                    |                                    |
| 1 - USD Dollars net assets/liabilities                          | (13)                               | 13                                 |
| 2- Amount hedged for USD risk (-)                               | -                                  | -                                  |
| <b>3- USD net effect (1 +2)</b>                                 | <b>(13)</b>                        | <b>13</b>                          |
| In case 10% appreciation of EUR against TL                      |                                    |                                    |
| 4 - EUR net assets/liabilities                                  | (420)                              | 420                                |
| 5 - Amount hedged for EUR risk (-)                              | -                                  | -                                  |
| <b>6- EUR net effect (4+5)</b>                                  | <b>(420)</b>                       | <b>420</b>                         |
| In case 10% appreciation of other foreign currencies against TL |                                    |                                    |
| 7 - Other foreign currencies net assets/liabilities             | 1                                  | (1)                                |
| 8- Amount hedged for other foreign currencies risk (-)          | -                                  | -                                  |
| <b>9- Other foreign currencies net effect (7+8)</b>             | <b>1</b>                           | <b>(1)</b>                         |
| <b>TOTAL (3 + 6 +9)</b>   | <b>(432)</b>                       | <b>432</b>                         |

**TEKNOSA İÇ VE DIŞ TİCARET A.Ş.**

**NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

**NOTE 21 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)**

| <u>31 March 2015</u>  | Loans and receivables | Derivative financial instruments | Financial liabilities at amortized cost | Carrying value | Note |
|---|-----------------------|----------------------------------|---|----------------|------|
| <u>Financial assets</u>   |                       |                                  |   |                |      |
| Cash and cash equivalents   | 7,918                 | -                                | -                                       | 7,918          | 5    |
| Trade receivables ( including trade receivables from related parties) | 28,455                | -                                | -                                       | 28,455         | 7    |
| Other receivables ( including trade receivables from related parties) | 737                   | -                                | -                                       | 737            |      |
| <u>Financial liabilities</u>  |                       |                                  |   |                |      |
| <u>Financial liabilities</u>  |                       |                                  |   |                |      |
| Trade payables ( including trade payables to related parties)         | -                     | -                                | 24,372                                  | 24,372         | 6    |
| Other payables ( including trade payables to related parties)         | -                     | -                                | 436,405                                 | 436,405        | 7    |
|   | -                     | -                                | 889                                     | 889            |      |
| <u>31 December 2014</u>   |                       |                                  |   |                |      |
| <u>Financial assets</u>   |                       |                                  |   |                |      |
| Cash and cash equivalents   | 192,998               | -                                | -                                       | 192,998        | 5    |
| Trade receivables ( including trade receivables from related parties) | 26,833                | -                                | -                                       | 26,833         | 7    |
| Other receivables ( including trade receivables from related parties) | 710                   | -                                | -                                       | 710            |      |
| <u>Financial liabilities</u>  |                       |                                  |   |                |      |
| <u>Financial liabilities</u>  |                       |                                  |   |                |      |
| Trade payables ( including trade payables to related parties)         | -                     | -                                | 691,684                                 | 691,684        | 7    |
| Other payables ( including trade payables to related parties)         | -                     | -                                | 802                                     | 802            |      |

The Group management believes that the carrying amount of financial assets approximate their fair values.

**NOTES TO THE REVIEWED CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise indicated.)

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**NOTE 22 – EVENTS AFTER THE REPORTING PERIOD**

The Group opened a new store in Çanakkale and revised a store in Manisa between the balance sheet date and 27 April 2015. The related changes increased the retail sales area of the Group by 1,174 meter squares.

The Competition Board resolved to commence a prosecution by the resolution no. 15-08/108 dated 19 February 2015 against the Company and other companies mentioned in the resolution requesting their statement in order to predict if the Law no. 4054 is violated or not.

The prosecution decisions resolved by the Competition Board are brought to the public attention after the pronouncement of the decision to the undertakings or association of undertakings against which the prosecution is started. These explanations which are made within the scope of informing of the public about the decisions of the Competition Board can not be interpreted as that the undertakings or association of undertakings against which the prosecution is started have violated Law no. 4054 or they are punished or will be punished. The Company executes its transactions within the Competition Law and other regulations.